

# GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

## FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

**DATE:** May 19<sup>th</sup>, 2014

**TO:** Representatives Howard, Setzer, Lewis, and W. Brawley

**FROM:** Rodney Bizzell  
Fiscal Research Division

**RE:** House Bill 1034 (First Edition)

### FISCAL IMPACT

(\$ in millions)

☐ Yes

☒ No

☐ No Estimate Available

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>State Impact</b>					
General Fund Revenues:					
General Fund Expenditures:					
State Positions:					
<b>NET STATE IMPACT</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:** NC Department of Insurance; NC Department of Revenue

**EFFECTIVE DATE:** July 1, 2014

**TECHNICAL CONSIDERATIONS:**

None

**BILL SUMMARY:**

HB 1034 implements recommendations of a series of reports by the Program Evaluation Division by making changes to safety workers' relief funds, compensation, and supplemental pension funds, as well as by making changes to grant funds for fire and rescue departments.

**ASSUMPTIONS AND METHODOLOGY:**

Section 3 reduces the percentage of funds allocated from the gross premiums tax on property coverage to the Volunteer Fire Department Fund from 25% to 20%. The percentage reduction equates to approximately \$1.6 million. These funds would be used to pay for the extension of supplemental pension payments to all participants aged 55 and over who have paid \$10 per month for the required 20 years, regardless of whether they have actually retired from firefighting or rescue squad work. The funds would be appropriated from the General Fund to the NC Firefighter's and Rescue Squad Worker's Pension Fund.

Section 1 increases from 1% to 2% the portion of tax proceeds that the Department of Insurance retains for administering the local relief funds. When the Volunteer Fire Department Fund share of funding is reduced from 25% to 20%, the 1% share will generate approximately \$60,000. As a result, the total amount retained by the Department of Insurance will be approximately \$120,000 (2%).

**SOURCES OF DATA:** NCGA Program Evaluation Division; NC Department of Revenue; NC Department of Insurance

**TECHNICAL CONSIDERATIONS:** None